



INDIANA  
DEPARTMENT *of*  
EDUCATION

2023 INDIANA ACADEMIC STANDARDS  
**SOCIAL STUDIES**

**ECONOMICS**



## Indiana Academic Standards Context and Purpose

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### Introduction

The Indiana Academic Standards for Economics are the result of a process designed to identify, evaluate, synthesize, and create high-quality, rigorous learning expectations for Indiana students.

Pursuant to Indiana Code (IC) 20-31-3-1(c-d), the Indiana Department of Education (IDOE) facilitated the prioritization of the Indiana Academic Standards. The standards are designed to ensure that all Indiana students, upon graduation, are prepared with essential knowledge and skills needed to access employment, enrollment, or enlistment leading to service.

All standards are required to be taught. Standards identified as essential for mastery by the end of the course are indicated with shading and an “E.” The learning outcome statement for each domain immediately precedes each set of standards.

### What are the Indiana Academic Standards and how should they be used?

The Indiana Academic Standards are designed to help educators, parents, students, and community members understand the necessary content for each course, and within each content area domain, to access employment, enrollment, or enlistment leading to service. These standards should form the basis for strong core instruction for all students at each grade level and content area. The standards identify the minimum academic content or skills that Indiana students need in order to be prepared for success after graduation, but they are not an exhaustive list.

While the Indiana Academic Standards establish key expectations for knowledge and skills and should be used as the basis for curriculum, the standards by themselves do not constitute a curriculum. It is the responsibility of the local school corporation to select and formally adopt curricular tools, including textbooks and any other supplementary materials, that align with Indiana Academic Standards. Additionally, corporation and school leaders should consider the appropriate instructional sequence of the standards as well as the length of time needed to teach each standard. Every standard has a unique place in the continuum of learning, but each standard will not require the same amount of time and attention. A deep understanding of the vertical articulation of the standards will enable educators to make the best instructional decisions. These standards must also be complemented by robust, evidence-based instructional practices to support overall student development. By utilizing strategic and intentional instructional practices, other areas such as STEM and employability skills can be integrated with the content standards.

### Content-Specific Considerations

The Indiana Academic Standards for Economics indicate what students should know and be able to do by the end of the course. Examples, when provided within the context of a standard,

are intended to help illustrate the conveyed meaning of the standards and offer suggestions for instructional focus. Any examples listed for a standard are not designed to be limiting or otherwise exclusive.

## Acknowledgments

The Indiana Department of Education appreciates the time, dedication, and expertise offered by Indiana's K-12 educators, higher education professors, representatives from business and industry, families, and other stakeholders who contributed to the development of the Indiana Academic Standards. We wish to specially acknowledge the committee members, as well as participants in the public comment period, who dedicated many hours to the review and evaluation of these standards designed to prepare Indiana students for success after graduation.

## Economics

*Standards identified as essential for mastery by the end of the course are indicated with gray shading and an “E.” The learning outcome statement for the course precedes the standards.*

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| <b>Learning Outcome:</b> Students explain that because resources are limited, people must make choices, understanding the role that supply, demand, prices, and profits play in a market economy. Key elements of the course include study of scarcity and economic reasoning, supply and demand, market structures, the role of government, national economic performance, the role of financial institutions, economic stabilization, and trade. |   |
| <b>Scarcity and Economic Reasoning</b>   |   |
| <b>E.1.1</b>   | Define and identify each of the productive resources (i.e., natural, human, capital) and explain why each is necessary for the production of goods and services. (E)              |
| <b>E.1.2</b>   | Identify incentives and explain how they influence economic behavior and decision-making.   |
| <b>E.1.3</b>   | Explain that voluntary exchange occurs when households, businesses, and governments expect to gain.   |
| <b>E.1.4</b>   | Define scarcity, and explain how choices incur opportunity costs and trade-offs. (E)  |
| <b>E.1.5</b>   | Use a production possibilities curve to explain the concepts of choice, scarcity, opportunity cost, trade offs, unemployment, productivity, and growth.                           |
| <b>E.1.6</b>   | Describe and compare the various economic systems (i.e., traditional, market, command, mixed); explain their strengths and weaknesses. (E)  |
| <b>E.1.7</b>   | Describe how clearly defined and enforced property rights are essential to a market economy.  |
| <b>E.1.8</b>   | Illustrate how investment in physical and human capital can raise productivity and future standards of living. (E)  |
| <b>E.1.9</b>   | Diagram and explain the circular flow of a market economy.  |
| <b>Supply and Demand</b>   |   |
| <b>E.2.1</b>   | Define supply and demand, and explain the causes of the Law of Supply and the Law of Demand. (E)  |
| <b>E.2.2</b>   | Recognize that consumers ultimately determine what is produced in a market economy.   |
| <b>E.2.3</b>   | Illustrate how supply and demand determine equilibrium price and quantity.  |
| <b>E.2.4</b>   | Identify factors that cause changes in market supply and demand and how these changes affect price and quantity in a competitive market.  |
| <b>E.2.5</b>   | Describe how price elasticity of supply and price elasticity of demand send signals to buyers and sellers.  |
| <b>E.2.6</b>   | Describe how the earnings of workers are determined by a number of factors including the market value of the product produced, workers' productivity, the amount of human capital |

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|   | held by workers, collective bargaining, and discrimination. (E)  |
| <b>Market Structures</b>                            |  |
| <b>E.3.1</b>  | Explain the advantages and disadvantages of various types of firms including sole proprietorships, partnerships, and corporations.   |
| <b>E.3.2</b>  | Compare and contrast the basic characteristics of the four market structures: monopoly, oligopoly, monopolistic competition, and pure competition.   |
| <b>E.3.3</b>  | Explain how competition in markets affects price and quantity. (E)   |
| <b>Role of Government</b>                           |  |
| <b>E.4.1</b>  | Explain how market failures may result in the underproduction of public goods and explain the role of government in addressing those failures.   |
| <b>E.4.2</b>  | Explain how markets underproduce public goods, and explain why the government has an interest in producing these public goods. (E)   |
| <b>E.4.3</b>  | Describe how the government taxes negative externalities (spillovers) and subsidizes positive externalities to resolve the inefficiencies they cause.  |
| <b>E.4.4</b>  | Describe the major revenue and expenditure categories in state and federal budgets and their respective proportions, and the challenges of achieving a balanced budget. (E)  |
| <b>E.4.5</b>  | Determine whether different types of taxes (e.g., income tax, sales tax, and Federal Income Contributions Act [FICA] tax including Social Security and Medicare) are progressive, proportional, or regressive. (E) |
| <b>E.4.6</b>  | Define budget debt and budget deficit and distinguish between the two. Explain the effects of both on the economy. (E)   |
| <b>National Economic Performance</b>                |  |
| <b>E.5.1</b>  | Explain measures of a country's economic performance such as gross domestic product (GDP), unemployment, and inflation.  |
| <b>E.5.2</b>  | Recognize that a country's overall level of income, employment, and prices are determined by rational spending and production decisions of households, firms, and government.                                      |
| <b>E.5.3</b>  | Explain the limitations of using GDP to measure economic welfare.  |
| <b>E.5.4</b>  | Identify the different causes of inflation (i.e., cost-push and demand-pull), and explain the impact of inflation on economic decisions. (E)   |
| <b>E.5.5</b>  | Explain the causes and effects of business cycles in a market economy.   |
| <b>E.5.6</b>  | Explain frictional, structural, cyclical, and seasonal unemployment, and analyze the impact of unemployment.   |
| <b>Money and the Role of Financial Institutions</b> |  |
| <b>E.6.1</b>  | Explain the basic functions of money.  |

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| <b>E.6.2</b>                  | Explain the role financial institutions play among savers, borrowers, and investors. (E)                                   |
| <b>E.6.3</b>                  | Demonstrate how banks create money through the principle of fractional reserve banking.                                    |
| <b>E.6.4</b>                  | Describe the structure and functions of the Federal Reserve System. (E)  |
| <b>E.6.5</b>                  | Explain how interest rates act as an incentive for savers and borrowers. (E)   |
| <b>E.6.6</b>                  | Compare and contrast different types of financial investments. (E)   |
| <b>E.6.7</b>                  | Demonstrate how supply and demand determine equilibrium price and quantity in the financial markets.                       |
| <b>Economic Stabilization</b> |  |
| <b>E.7.1</b>                  | Define and explain fiscal and monetary policy. (E)   |
| <b>E.7.2</b>                  | Explain the tools of fiscal and monetary policy. (E)   |
| <b>E.7.3</b>                  | Analyze how the government uses fiscal policy to promote price stability, full employment, and economic growth.            |
| <b>E.7.4</b>                  | Explain how the use of fiscal policy affects budget deficits or surpluses and the national debt.                           |
| <b>E.7.5</b>                  | Analyze how the Federal Reserve uses monetary policy to promote price stability, full employment, and economic growth. (E) |
| <b>Trade</b>                  |  |
| <b>E.8.1</b>                  | Define and explain the impact of trade barriers, such as quotas and tariffs, and analyze why countries erect them.         |
| <b>E.8.2</b>                  | Compare and contrast the arguments for and against free trade.   |